

ASSEMBLY BILL

No. 1670

Introduced by Assembly Members Nation and Richman

February 22, 2005

An act to add Division 112 (commencing with Section 130500) to the Health and Safety Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 1670, as introduced, Nation. Health care coverage.

Existing law establishes various programs, including the Medi-Cal program and the Healthy Families Program, to provide health care benefits to eligible persons. Under existing law, the Healthy Families Program is administered by the Managed Risk Medical Insurance Board.

This bill would establish a 3 part health care coverage program. The bill would require each resident of the state to obtain minimum health care coverage, as defined, and submit documentation, except as specified, of this coverage with his or her annual income tax return filed with the Franchise Tax Board. The bill would also require the Secretary of the Health and Human Services Agency to work in conjunction with counties to establish a purchasing pool through which an essential benefits package, developed by the board and the Department of Managed Health Care, would be made available. The bill would also require the board and the department to establish a subsidy program for qualified employers, as defined, who offer essential benefits coverage for employees earning less than 200% of the federal poverty level.

The bill would impose a tax on health care service plans equal to the gross premium tax currently imposed on insurers. The bill would require deposit of this revenue into the Universal Health Care Fund,

which would be created by the bill. The bill would, upon appropriation by the Legislature, make the revenue in the fund available to the board for allocation to fund health care coverage programs.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. This act shall be known as the Universal Health
2 Care Act of 2005.

3 SEC. 2. Division 112 (commencing with Section 130500) is
4 added to the Health and Safety Code, to read:

5
6 DIVISION 112. UNIVERSAL HEALTH CARE

7
8 CHAPTER 1. INDIVIDUAL MANDATE

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10 130500. Residents of this state shall obtain and maintain
11 minimum health care coverage for themselves and their
12 dependents. "Minimum health care coverage" means coverage
13 through a health care service plan regulated by the Department of
14 Managed Health Care or a health insurance policy regulated by
15 the Department of Insurance that has a maximum annual
16 deductible of five thousand dollars (\$5,000) per person under the
17 plan or policy and provides first dollar coverage for all medically
18 indicated preventative care.

19 130501. (a) Each resident shall submit proof of the health
20 care coverage required by Section 130500 with his or her annual
21 income tax return filed with the Franchise Tax Board, unless that
22 coverage is provided through his or her employment as reflected
23 by the employer's payroll report submitted to the Employment
24 Development Department.

25 (b) If a resident does not comply with subdivision (a), the
26 Franchise Tax Board shall retain from any tax overpaid by the
27 resident, the amount required to obtain the health care coverage
28 described in Section 130500 from the purchasing pool in the
29 resident's county. The Franchise Tax Board shall transmit this
30 sum to the purchasing pool.

CHAPTER 2. PURCHASING POOL

130510. The Secretary of the Health and Human Services Agency shall, in conjunction with each county, establish a public-private purchasing pool to provide health care coverage for all individuals without that coverage. A county may join with other counties to operate a purchasing pool.

130511. The purchasing pool shall negotiate with insurance companies and health care service plans to provide a range of products, including catastrophic coverage with medically indicated preventative care, an essential benefits package, and any other product that can be offered in a cost-efficient manner.

130512. Insurance companies and health care service plans that participate in the purchasing pool shall guarantee the issuance of coverage to all applicants and shall charge rates on a modified community rating basis. A health care service plan participating in a purchasing pool shall offer an essential benefits package in addition to a high deductible catastrophic plan, which shall include coverage for medically indicated preventative care. The Managed Risk Medical Insurance Board and the Department of Managed Health Care shall identify the benefits required for an essential benefits package offered through the purchasing pool that is less expensive than an equivalent product and that provides basic coverage under a delegated risk model.

130513. Individuals and employers may purchase health care coverage through the purchasing pool to take advantage of options and pricing it provides.

CHAPTER 3. EMPLOYER PARTICIPATION

130520. (a) The Managed Risk Medical Insurance Board and the Department of Managed Health Care shall establish a voluntary, nonentitlement program to allocate available state and federal funds to subsidize qualified employers who offer essential benefits health care coverage for their employees who earn less than 200 percent of the federal poverty level as published quarterly in the Federal Register by the Department of Health and Human Services. A qualified employer is one that has less than 50 employees, 60 percent of whom earn less than 200 percent of the minimum wage.

(b) Notwithstanding subdivision (a), no subsidy shall be provided to a qualified employer pursuant to this section if the employer during the immediately preceding 12-month period, offered health care coverage benefits to its employees. The Managed Risk Medical Insurance Board and the Department of Managed Health Care shall promulgate regulations specifying other criteria applicable to this disqualification.

CHAPTER 4. FUNDING

130530. Notwithstanding any other provision of law, a health care service plan shall be subject to a tax that is equal to the tax imposed on insurers pursuant to Section 28 of Article XIII of the California Constitution. Each health care service plan shall pay the tax imposed by this section to the Managed Risk Medical Board and the tax shall be in lieu of all other taxes, except those taxes that insurers are required to pay.

130531. (a) The Universal Health Care Fund is hereby created in the State Treasury. This fund shall be administered by the Managed Risk Medical Insurance Board.

(b) All revenue received pursuant to Section 130530 shall be deposited into the fund.

(c) The revenue in the fund, upon appropriation by the Legislature, shall be allocated monthly by the board to provide funds in the following order of priority:

(1) To fund health care coverage for minors receiving that coverage pursuant to this division.

(2) To fund health care coverage for uninsured parents and responsible adults of children enrolled in the Healthy Families Program (Part 6.2(commencing with Section 12693) of Division 2 of the Insurance Code) as provided in Section 12693.755 of the Insurance Code.

(3) To fund the subsidy program established pursuant to Section 130520.